

Message Text

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ACTION STR-05

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FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 SS-15 ITC-01 TRSE-00 PRS-01

SP-02 OMB-01 /098 W

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TO SECSTATE WASHDC 1180

INFO USIA WASHDC

AMEMBASSY PARIS

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UNCLAS SECTION 1 OF 3 GENEVA 7945

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PASS STR FOR ACTION

USIA FOR COHEN/ IEU, HILL/IOP, BRAKE/IPS

E.O. 11652: N/A

TAGS: MTN, ETRD, SOPN

SUBJECT: RAYMOND BARRE ELEBORATES FRENCH CONCEPT OF FREE TRADE
IN BYLINE NEWSPAPER ARTICLE; AMBASSADOR STRAUSS INVITEED TO WRITE
SIMILAR PIECE

SEPTEMBER 15 JOURNAL DE GENEVA CARRIED FRONT PAGE BYLINE
ARTICLE BY RAYMOND BARRE ENTITLED "IN FAVOR OF ORGANIZED
FREE TRADE" IN WHICH BARRE SAYS THAT FRANCE, WHILE MAIN-
TAINING ITS PROFOUND COMMITMENT TO FREE TRADE, BELIEVES THAT
CHANGED CIRCUMSTANCES IN THE WAKE OF THE OIL CRISIS REQUIRE
NEW RULES OF THE GAME. FRANCE SEEKS COLLECTIVE RESPONSES
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TO THE PROBLEM OF RUINOUS COMPETITION WHICH CAN RESULT IN
A MONOPOLY OF THE STRONGEST IN PROLONGED PERIODS OF REDUCED
DEMAND AND OVERCAPACITY.IINTERNATIONAL NEGOTIATIONS SHOULD
NOT BE A SIMPLE REPETITION OF THOSE WHICH TOOK
PLACE INTHE COURSE OF THE PAST 20 YEARS.

EDITOR OF JOURNAL DE GENEVA SUGGESTS THAT

AMBASSADOR STRAUSS MAY WISH TO WRITE SIMILAR
BYLINE ARTICLE. FOLLOWING IS FULL TRANSLATION.

BEGIN TEXT:

JOURNAL DE GENEVA 15 SEPT. 1977

IN FAVOR OF ORGANIZED FREE TRADE BY RAYMOND BARRE

" THE JOURNAL DE GENEVA AND THE GAZETTE DE LAUSANNE, IN
THEIR EDITIONS OF AUGUST 13 AND 14, PUBLISHED AN ARTICLE
ENTITLED "DANGERS OF ORGANIZED LIBERALISM," BY MR. MARIAN
STEPCZYNSKI. "WHILE PROCLAIMING ITS ATTACHMENT OT THE PRIN-
CIPLES OF FREE TRADE', HE STATED AT THE BEGINNING OF THE AR-
TICLE, 'FRANCE FINDS ITSELF ENMESHED IN SPIE OF HERSELF IN
THE GROUP OF WESTERN NATIONS HAVING CEDED TO PROTECTIONISM.'
WITHOUT DOUBT, THE AUTHOR RECOGNIZES THAT FRANCE CANNOT BE
BLAMED FOR THE FAILURE OF THE RECENT NEGOTIATIONS IN GENEVA
ON THE RENEWAL OF THE MULTIFIBER TEXTILE AGREEMENT.
"BUT IN THE COURSE OF THE ARTICLE MR. STEP CZYNSKI DES-
CRIBES WHAT IS TO HIM THE FRENCH CONCEPT OF 'ORGANIZED
LIBERALISM' AND CONCLUDES BY NOTING THAT THE 'RISK TO THE
WORLD OF THIS NEW CONCEPT OF ORGANIZED LIBERALISM IS THAT IT
MIGHT PROGRESSIVELY DESTROY THE CHANCES FOR MEANINGFUL IN-
DUSTRIAL DEVELOPMENT IN THE THRID WORLD.'

"THE DEVELOPMENT OF TRADE BETWEEN NATIONS RIGHTFULLY FIGURES
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AMONG THE PRINCIPAL PREOCCUPATIONS OF THE INTERNATIONAL
COMMUNITY.II AM PLEASED THAT YOUR NEWSPAPER IS GIVING ME
AN OPPORTUNITY TO EXPLAIN FRENCH IDEAS ON THIS SUBJECT.

THE SITUATION IN TEXTILES

"FIRST OF ALL I WOULD LIKE TO RECALL BRIEFLY THE SITUATION
IN THE FRENCH AND COMMUNITY TEXTILE SECTORS, SINCE IT IS THIS
SITUATION WHICH HAS GIVEN RISE TO SOME CONTROVERSIAL MEASURES.
FRANCE HAS GIVEN UNRESERVED SUPPORT TO THE MULTIFIBER ARRANGE-
MENT BECAUSE IT REPRESENTED REAL PROGRESS ALONG THE ROAD TO AN
INTERNATIONAL ECONOMIC DEVELOPMENT IN ACCORD WITH THE WELL-
KNOWN INTERESTS OF ALL COMMERCAIL PARTNERS.

"UNTIL THIS YEAR, THIS AGREEMENT HAS BEEN PROPERLY APPLIED.
BUT THE COMMUNITY, IN CONTRAST TO THE MAJORITY OF THE LARGE
TEXTILE-IMPORTING COUNTRIES, HAS SHOWN ITSELF TO BE VERY LI-
BERAL IN THE INTERPRETATION OF THE CLAUSES OF THIS ACCORD
SINCE IT HAS ABSORBED 3/4 OF THE INCREASE IN TEXTILE EXPORTS
FROM THE DEVELOPING COUNTRIES DURING THE PERIOD 1973 TO 1976.
IN THIS SAME PERIOD 500,000 JOBS VANISHED IN THE TEXTILE IN-
DUSTRY IN THE COMMUNITY.

"USING THE EASE OF ACCESS TO THE MARKETS OF THE COMMUNITY,

CERTAIN EXPORTING COUNTRIES HAVE UNDERTAKEN, IN THE COURSE OF THE FIRST HALF OF THIS YEAR, A VERITABLE INVASION OF THE FRENCH MARKET. TODAY CLOSE TO ONE OUT OF EVERY TWO ARTICLES OF MEN'S UNDERWEAR, SHIRTS, AND TIES SOLD IN FRANCE ARE IMPORTED. IN KEEPING WITH THE GENERAL TREND OF THE FIRST HALF OF 1977, IMPORTS OF THESE PRODUCTS INCREASED 50 0/0 TO 100 0/0, ACCORDING TO THE TYPE OF ARTICLE, IN COMPARISON TO THE PRECEDING YEAR WHICH ITSELF SHOWED A CONSIDERABLE INCREASE OF THESE IMPORTS.

"IF FRANCE ALLOWS ITS TEXTILE INDUSTRY TO BE EXPOSED TO SEVERE INTERNATIONAL COMPETITION, IT CANNOT PERMIT, ANY MORE THAN ANYONE ELSE, THE CONSIDERABLE INJURY BEING DONE ITS PRODUCTION APPARATUS AND THE WORKERS IT EMPLOYS AS A RESULT OF THE EXCESSES OF CERTAIN EXPORTERS. DRAWING ITS INSPIRATION FROM GATT RULES (ART. XIX), FRANCE HAS DECIDED, IN ITS TURN,

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TO INVOKE SAFEGUARD MEASURES, AND THE COMMUNITY INSTITUTIONS HAVE RECOGNIZED THE JUSTICE OF THIS DECISION.

"IN ORDER TO ASSURE ITSELF IN THE COURSE OF THE COMING YEARS THAT THE APPLICATION OF THE NEW AGREEMENT DOES NOT GIVE RISE TO SUCH GRIEVOUS EXCESSES AS THOSE OF THE FIRST HALF OF 1977, THE COMMUNITY, WHEN IT INTERRUPTED ITS NEGOTIATIONS FOR THE RENEWAL OF THE MULTIFIBER AGREEMENT, DECIDED TO DEMAND THE EXPLICIT DEFINITION OF SUITABLE GUARANTEES WITHOUT TRYING MEANWHILE TO STOP OR TO COMPROMISE ONGOING TRADE IN TEXTILES.

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L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15
ITC-01 TRSE-00 PRS-01 SP-02 OMB-01 OIC-02 EUR-12
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FM USMISSION GENEVA

TO SECSTATE WASHDC 1181

INFO USIA WASHDC

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

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THE CAUSE OF INTERNATIONAL ECONOMIC DEVELOPMENT

"DOESN'T IT BEST SERVE THE CAUSE OF INTERNATIONAL ECONOMIC DEVELOPMENT AND UNDERSTANDING AMONG PEOPLES TO AVOID SIGNING IN HASTE AGREEMENTS WHICH WOULD IMPOSE ON CERTAIN COUNTRIES A BURDEN SO HEAVY THAT THEY WILL BE PATENTLY UNABLE TO ASSUME IT?

"SO, FRANCE CANNOT, IN GOOD FAITH, BE ACCUSED OF PROTECTIONISM IN THE AREA OF TEXTILES. AND IT IS NO DIFFERENT IN THE OTHER SECTORS.

"FRANCE BELONGS TO THE EUROPEAN COMMUNITY. IT RESPECTS AND WILL RESPECT THE TREATY OF ROME; IN ITS VIEW THE CUSTOMS UNCLASSIFIED

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UNION ESTABLISHED BY THIS TREATY IS SACRED. FRANCE SUBSCRIBES WITHOUT RESTRICTION TO THE DEFINITION OF THE TRADE POLICY OF THE COMMUNITY WHICH MAKES THE COMMON MARKET THE LARGEST AND MOST OPEN OF THE INTERNATIONAL MARKETS. IS THERE ANOTHER (MARKET) IN WHICH THE AVERAGE DUTY IS AS MODERATE, IN WHICH HIGH CUSTOMS DUTIES ARE AS RARE, WHILE PROHIBITIVE DUTIES, SO FREQUENT IN THE TARIFFS OF OTHERS, ARE UNKNOWN HERE? IS THERE ANOTHER IN WHICH NON-TARIFF BARRIERS, ACKNOWLEDGED OR UNACKNOWLEDGED, NATIONAL OR LOCAL, ARE AS RARE? LET'S COMPARE THE SHORT LIST OF DEFENSIVE MEASURES OF THE COMMUNITY, LITTLE USED AFTER ALL, WITH THE REDOUTABLE AND SOPHISTICATED ARSENAL, CONSTANTLY AUGMENTED, OF CERTAIN OTHER LARGE COMMERCIAL POWERS. LET'S COMPARE THE EASE OF ACCESS TO THE COMMON MARKET WITH THE INVISIBLE WEB OF NON-TARIFF BARRIERS WITH WHICH OTHER COUNTRIES SURROUND THEMSELVES. FRANCE, AS WELL AS OTHER COUNTRIES OF THE COMMUNITY, BEARS THE CONSEQUENCES, AGGRAVATED BY THE INSTABILITY ENGENDERED BY THE FLOATING EXCHANGE RATE SYSTEM. I MIGHT ADD THAT BY ITS CURRENT POLICY BASED ON THE STABILIZATION OF ITS CURRENCY, FRANCE IN ADDITION OFFERS AN ILLUSTRATION OF ITS REFUSAL TO SEEK FOR ITSELF, TO THE DETRIMENT OF OTHERS, COMMERCIAL ADVANTAGES WHICH EXPERIENCE SHOWS, MOREOVER, ARE ALWAYS FLEETING.

"BY VIRTUE OF THE VERY PRINCIPLES WHICH INSPIRE ITS FOREIGN

POLICY AND ITS CONCEPT OF INTERNATIONAL RELATIONS, FRANCE IS PROFOUNDLY COMMITTED TO FREE TRADE TO WHICH THE WORLD OWES THE REMARKABLE PROGRESS OF THE LAST 30 YEARS. THIS IS, FURTHERMORE, IN ITS OWN INTEREST SINCE (FRANCE) HAS IN A FEW YEARS BECOME THE FOURTH LARGEST WORLD EXPORTER. IN THE ECONOMIC CRISIS WHICH THE WORLD KNOWS TODAY, THE PROTECTIONIST TENDENCY IS THE MOST PERNICIOUS OF ALL. PROTECTIONISM WOULD BRING ONLY AN EPHEMERAL RESPITE TO THOSE COUNTRIES WHICH WOULD ABANDON THEMSELVES TO IT IN FAILING TO RECOGNIZE THE NEW REALITIES OF

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INTERDEPENDENCE. FAR FROM STRENGTHENING THEM, IT WOULD, TO THE CONTRARY, EXPOSE THEM TO MUCH GREATER INJURIES THAN THOSE WHICH IT WOULD CLAIM TO REMEDY. BESIDES, IT WOULD STIR UP IN THE DEVELOPING COUNTRIES WHICH ASPIRE TO ATTAINING THEIR JUST PLACE IN THE INTERNATIONAL MARKETS, FEELINGS FOUNDED IN INJUSTICE AND BITTERNESS.

STRICT DISCIPLINE

"BUT NOWADAYS RESPECT OF FREE TRADE REQUIRES STRICT DISCIPLINE.

"FREE TRADE WOULD RISK BEING COMPROMISED IF SITUATIONS WERE CREATED IN WHICH 'LAISSER FAIRE' WERE TO EXPOSE CERTAIN COUNTRIES TO INTERNAL TENSIONS SO UNBEARABLE THAT THEY WOULD NOT BE ABLE TO FIND MEASURES. DOES ANYONE BELIEVE THAT THIS FREEDOM OF TRADE WOULD HAVE PREVAILED IN THE PAST IF THE GATT HADN'T PRECISELY DEFINED THE RULES? TO ASPIRE TO AN ORGANIZED FREEDOM OF TRADE (AN EXPRESSION I PREFER TO ORGANIZED LIBERALISM) IS NOT, THEREFORE, IN ANY WAY AN INNOVATION.

"WHAT FRANCE ADVOCATES TODAY IS FIRST AND FOREMOST THE COLLECTIVE SEEKING OUT OF RULES OF THE GAME ADAPTED TO THE NEW STRUCTURE WHICH WOULD CREATE, IN THE WAKE OF THE RISE IN THE PRICE OF OIL, THE PURSUIT OF A NEW INTERNATIONAL EQUILIBRIUM. FRANCE IS READY TO UNDERTAKE ALL SITUATIONS IN WHICH NEW PROGRESS CAN BE MADE ON THE WAY TO A GREATER FREEDOM OF TRADE. IN THE SECTORS IN WHICH THE BITTERNESS OF INTERNATIONAL COMPETITION INCAPACITATES CERTAIN COUNTRIES IN PURSUING THEIR ACTIVITIES, IT IS NECESSARY TO ORGANIZE IN A PROGRESSIVE FASHION THE REQUIRED RESTRUCTURING OF THESE ACTIVITIES. WHEN A PROLONGED REDUCTION IN DEMAND CREATES GRAVE CASES OF OVERCAPACITY, IT DOES NOT CONFORM TO THE COLLECTIVE INTEREST TO PASSIVELY ALLOW RUINOUS COMPETITION TO TAKE PLACE SUSCEPTIBLE OF RESULTING IN THE END IN A MONOPOLY OF THE STRONGEST. FINALLY, WHEN A COUNTRY DEVELOPS A SECTOR WHICH IS INDISPENSIBLE TO THE STRUCTURAL EQUILIBRIUM OF ITS ECONOMY AND WHICH CANNOT ASPIRE TO A NORMAL COMPETITIVENESS WITHOUT HAVING REACHED

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A SELF-SUFFICIENT LEVEL, IT IS LEGITIMATE THAT THIS COUNTRY MAY
SHALL THE NECESSARY MEANS FOR THIS ACTIVITY NOT TO BE DOOMED
IN ITS PERIOD OF VULNERABILITY.

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ACTION STE-01

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AID-05 SS-15 STR-05 ITC-01 TRSE-00 PRS-01 SP-02
OMB-01 OIC-02 /099 W

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FM USMISSION GENEVA
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INFO USIA WASHDC
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COLLECTIVE RESPONSE

"THESE ARE SEVERAL EXAMPLES OF CONCRETE PROBLEMS WHICH ARE
POSED TODAY BY THE MAINTENANCE AND REINFORCEMENT OF INTERNATIONAL
TRADE. IT IS NECESSARY THAT THE INTERNATIONAL COMMUNITY BRING
A COLLECTIVE RESPONSE TO THESE PROBLEMS IF IT WISHES TO SUSTAIN
AND PURSUE THE GREAT MOVEMENT OF THE LIBERATION OF TRADE WHICH
HAS CONSTITUTED FOR THREE DECADES ONE OF THE MAJOR ADVANCES OF
INTERNATIONAL LIFE.

"THIS GROWING LIBERALIZATION OF TRADE IS PROFITABLE FOR ALL
COUNTRIES, BUT FRANCE IS PARTICULARLY INTERESTED THAT THE THIRD

WORLD FIND THERE A DECISIVE CONTRIBUTION TO THE DEVELOPMENT TO
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WHICH THEY HAVE A RIGHT. THE EFFECT OF THIS CONTRIBUTION IS,
HOWEVER, SINGULARLY LESSENERED WHEN TRADE IS SUBJECTED TO DISOR-
DERLY VARIATIONS.

"IT IS, THEREFORE, WELL WITHIN THE INTEREST OF ALL THAT FRANCE
TODAY ADVOCATES THAT RULES OF THE GAME COLLECTIVELY DEFINED AND
APPLIED ASSURE FOR TRADE THE CONDITIONS OF GROWTH, OF SECURITY
AND REGULARITY, WITHOUT WHICH FREE TRADE WOULD BE NOTHING MORE
THAN A PRETEXT FOR THE STRONGEST AND LEAST SCRUPULOUS WHILE
BEING ONLY BAIT FOR THE WEAKEST. SUCH SHOULD BE ONE OF THE
PRINCIPAL OBJECTS OF THE INTERNATIONAL NEGOTIATIONS WHICH WILL
BE CONDUCTED BEGINNING IN THE COMING MONTHS AND WHICH SHOULDN'T
CONSIST OF A SIMPLE REPETITION OF THOSE WHICH TOOK PLACE IN THE
COURSE OF THE LAST 20 YEARS."

(NOTE: TITLE AND SUBTITLES ADDED BY THE EDITOR OF THE
JOURNAL DE GENEVE.)

ACTION REQUESTED: INDICATE IF AMBASSADOR STRAUSS
DESIRES PRODUCE BYLINE ARTICLE ON US VIEW OF INTER-
NATIONAL TRADE AND THE MTN. JOURNAL DE GENEVE IS THE
LEADING FRENCH LANGUAGE NEWSPAPER IN SWITZERLAND AND
IS WIDELY READ BY INTERNATIONAL CIVIL SERVANTS HERE,
WITH SOME READERSHIP BEYOND THE SWISS BORDER. WE
RECOMMEND FAVORABLE RESPONSE. MCDONALD

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TAGS: ETRD, SOPN, MTN, (BARRE, RAYMOND)
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Type: TE
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